



Natural Energy Utility Corporation

2560 Hoods Creek Pike • Ashland, Kentucky 41102

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

RECEIVED

March 14, 2006

MAR 15 2006

Case #: 2005-00000 — 2006-00119

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell

Please be advised that Natural Energy Utility Corporation (NEUC) has acquired the assets of American Natural Gas Corporation (ANGC) pursuant to the Order issued in Case # 2002-00050. NEUC is adopting the Rules, Rates and Regulations enforced by ANGC pursuant to Administrative Regulation 807 KAR 5:011, Section 15(6).

Natural Energy Utility Corporation is filing its quarterly gas cost report with the Kentucky PSC. The enclosed report has a case number of 2005-00000. The calculated gas cost recovery rate enclosed in this report is \$7.7897 and the base rate is \$4.24. The minimum billing rate starting April 1, 2006 should be \$12.0297 for all MCF.

Thank you for your cooperation and please call me if you have any questions.

Sincerely



H. Jay Freeman
President

Enclosure

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

COMPONENT	UNIT	AMOUNT
EXPECTED GAS COST ADJUSTMENT (EGCA)	\$/MCF	\$7.2512
+ REFUND ADJUSTMENT (RA)	\$/MCF	\$0.0000
+ ACTUAL COST ADJUSTMENTS (ACA)	\$/MCF	\$0.5385
= GAS COST RECOVERY RATE (GCRR)	\$/MCF	\$7.7897

GCRR to be effective for service rendered from January 1 to March 31, 2006

A.	EXPECTED GAS COST CALCULATION	UNIT	AMOUNT
	TOTAL EXPECTED GAS COST (SCHEDULE II)	\$	\$659,295.00
	/ SALES FOR THE 12 MONTHS ENDED _____ Dec-05	MCF	90,922
	<hr/> = EXPECTED GAS COST ADJUSTMENT (ECA)	\$/MCF	\$7.2512

B.	REFUND ADJUSTMENT CALCULATION	UNIT	AMOUNT
	SUPPLIER REFUND ADJUSTMENT FOR REPORTING PERIOD(SCHIII)	\$/MCF	\$0.00
	+ PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ SECOND PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	+ THIRD PREVIOUS QUARTER SUPPLIER REFUND ADJUSTMENT	\$/MCF	\$0.00
	= REFUND ADJUSTMENT (RA)	\$/MCF	\$0.00

C.	ACTUAL COST ADJUSTMENT CALCULATION	UNIT	AMOUNT
	ACTUAL COST ADJ. FOR THE REPORTING PERIOD (SCH. IV)	\$/MCF	\$0.6620
	+ PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.2303
	+ SECOND PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	\$0.0744
	+ THIRD PREVIOUS QUARTER REPORTED ACTUAL COST ADJUSTMENT	\$/MCF	(\$0.4282)
	= ACTUAL COST ADJUSTMENT (ACA)	\$/MCF	\$0.5385

SCHEDULE II

EXPECTED GAS COST ADJUSTMENT

ACTUAL * MCF PURCHASES FOR 12 MONTHS ENDED (1)	(2)	(3)	Dec-05 (4)	(5)	(6)
SUPPLIER	DTH	BTU CONVERSION FACTOR	MCF	RATE	(4)*(5) COST
North Coast Energy	0	1.0740	0	\$5.500	\$0
MARATHON PETROLEUM CORP.	94,760	1.0300	92,000	\$7.000	\$644,000
TENNESSEE GAS PIPELINE	0	1.0300		\$0.000	\$0
COLUMBIA GAS	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
COASTAL GAS MARKETING	0	1.1000		\$0.000	\$0
KOG	0	1.1000	0	\$0.000	\$0
<i>ADJUSTMENT FOR ANTICIPATION OF DECREASED PURCHASE REQUIREMENTS</i>					
MARKETER	0	1.0350	0	\$0.00	\$0
TOTALS	94,760	1.0300	92,000	\$7.00	\$644,000.00

TOTAL EXPECTED COST OF PURCHASES (6)	UNIT	AMOUNT
/ MCF PURCHASES (4)	\$	\$644,000.00
= AVERAGE EXPECTED COST PER MCF PURCHASED	MCF	92,000
* ALLOWABLE MCF PURCHASES	\$/MCF	\$7.0000
(MUST NOT EXCEED MCF SALES / .95)	MCF	94,185
= TOTAL EXPECTED GAS COST (TO SCHEDULE IA.)	\$	\$659,295.00

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

DETAILS FOR THE 9 MONTHS ENDED

Dec-05

PARTICULARS	UNIT	AMOUNT
TOTAL SUPPLIER REFUNDS RECEIVED	\$	\$0.00
+ INTEREST	\$	\$0.00
= REFUND ADJUSTMENT INCLUDING INTEREST	\$	\$0.00
/ SALES FOR 12 MONTHS ENDED	MCF	90,922
= SUPPLIER REFUND ADJUSTMENT FOR THE REPORTING PERIOD (TO SCHEDULE IB.)	\$/MCF	\$0.00

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended:	Dec-05				
Particulars		Unit	(Oct-05)	(Nov-05)	(Dec-05)
Total Supply Volumes Purchased		Mcf	4,050	9,500	15,000
Total Cost of Volumes Purchased		\$	\$52,637	\$86,799	\$194,646
Total Sales (may not be less than 95% of supply volumes)		Mcf	3,959	9,192	15,503
Unit cost of Gas		\$/Mcf	\$13.2955	\$9.4429	\$12.5554
EGC in effect for month		\$/Mcf	\$9.5585	\$9.5585	\$9.5585
Difference [(Over-)/Under-Recovery]		\$/Mcf	\$3.7370	(\$0.1156)	\$2.9969
Actual sales during month		Mcf	3,959	9,192	15,503
Monthly cost difference		\$	\$14,794.90	(\$1,062.73)	\$46,460.57

	Unit	Amount
Total cost difference (Month 1 + Month 2 + Month 3)	\$	\$60,192.74
Sales for 12 Months ended	Mcf	90,922
Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	\$0.6620